

Effective September 1, 2017.

**ELIGIBILITY AND CONTRIBUTIONS FOR COVERAGE  
UNDER THE STATE EMPLOYEE GROUP BENEFITS  
PROGRAM AND HEALTH BENEFIT PLANS OFFERED BY  
CERTAIN UNIVERSITY SYSTEMS**

**CHAPTER 1106**

H.B. No. 4035

**AN ACT**

**relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.**

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subchapter A, Chapter 824, Government Code, is amended by adding Section 824.0071 to read as follows:

Sec. 824.0071. **DEDUCTIONS FROM SERVICE OR DISABILITY RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM CONTRIBUTIONS.**

(a) In this section, "program administrator" means the person who administers the uniform program under Section 1601.051, Insurance Code.

(b) A retiree who is participating in the uniform program under Chapter 1601, Insurance Code, may authorize the retirement system to deduct the amount of the contribution and any other qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment if the amount of the monthly annuity is greater than or equal to the amount of the authorized deduction.

(c) A retiree may authorize the deduction described by Subsection (b) on a form provided by the program administrator. The program administrator shall maintain the record of the authorization made under this section.

(d) The program administrator shall:

(1) notify the retirement system of the authorization under Subsection (b); and

(2) in the manner and form prescribed by the retirement system, provide the retirement system with the names of the retirees and other relevant information needed by the retirement system to administer the deduction.

(e) After making the deduction, the retirement system shall pay to the program administrator an aggregate amount for all retirees who authorize annuity deductions under Subsection (b).

(f) If a retiree no longer receives a monthly annuity greater than or equal to the amount of the authorized deduction, the retirement system:

(1) shall inform the program administrator; and

(2) is not required to make a deduction under this section for the retiree.

(g) The retirement system shall make the authorized deduction each month until:

(1) the date the annuity is no longer payable by the retirement system;

(2) the retirement system is notified by the program administrator that the retiree has canceled the authorization to make the deduction; or

(3) the amount of the monthly annuity is no longer greater than or equal to the amount of the authorized deduction as described by Subsection (f).

(h) The program administrator shall reimburse the retirement system the cost, as determined by the retirement system, incurred by the retirement system in implementing this section.

*(i) This section does not apply to an individual described by Section 824.007(b).*

SECTION 2. Section 1551.102, Insurance Code, is amended by adding Subsection (c-1) to read as follows:

*(c-1) An individual is eligible to participate in the group benefits program as provided by Subsection (a) if:*

*(1) the individual meets the minimum requirements under Subsection (c) except that the individual does not have at least 10 years of eligible service credit as described by Subsection (c)(1);*

*(2) the individual has at least 10 years of combined service in a position for which the individual was eligible to participate in the group benefits program or in the uniform program under Section 1601.101; and*

*(3) either:*

*(A) the individual's greatest number of years of state employment was in a position for which the individual was eligible to participate in the group benefits program; or*

*(B) if the individual's years of employment in positions eligible to participate in the group benefits program and the uniform program are equal, the individual's last state employment before retirement was in a position for which the individual was eligible to participate in the group benefits program.*

SECTION 3. Section 1601.053, Insurance Code, is amended by adding Subsection (c) to read as follows:

*(c) Notwithstanding any other provision of this chapter, a system may adjust a plan and coverage standards as necessary to comply with applicable state and federal law and to provide consistent eligibility for all plans under the program, including eligibility for optional coverages.*

SECTION 4. Section 1601.102, Insurance Code, is amended by adding Subsection (d-1) to read as follows:

*(d-1) An individual is eligible to participate in the uniform program as provided by Subsection (a) if:*

*(1) the individual meets the minimum requirements under Subsection (b) except that the individual does not have at least 10 years of service as described by Subsection (b)(1);*

*(2) the individual has at least 10 years of combined service in a position for which the individual was eligible to participate in the uniform program or in the group benefits program under Section 1551.101; and*

*(3) either:*

*(A) the individual's greatest number of years of state employment was in a position for which the individual was eligible to participate in the uniform program; or*

*(B) if the individual's years of employment in positions eligible to participate in the uniform program and the group benefits program are equal, the individual's last state employment before retirement was in a position for which the individual was eligible to participate in the uniform program.*

SECTION 5. Subsection (f), Section 1601.102, Insurance Code, as added by Chapter 1266, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Subsection (h), Section 1601.102, Insurance Code, to read as follows:

*(h) [(f)] Notwithstanding Subsection (b), an individual to whom this subsection applies is eligible to participate in the uniform program as provided by Subsection (a) if:*

*(1) the individual has at least three years of service with a system for which the individual was eligible to participate in the uniform program under Section 1601.101;*

*(2) the individual's last state employment before retirement was with that system; and*

*(3) the individual retires under the jurisdiction of:*

(A) the Teacher Retirement System of Texas under Subtitle C, Title 8, Government Code;

(B) the Employees Retirement System of Texas; or

(C) subject to Subsection (c):

(i) the optional retirement program established by Chapter 830, Government Code; or

(ii) any other federal or state statutory retirement program to which the system has made employer contributions.

SECTION 6. Subsection (g), Section 1601.102, Insurance Code, as added by Chapter 1266, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Subsection (i), Section 1601.102, Insurance Code, and amended to read as follows:

(i) ~~[(g)]~~ Subsection ~~(h)~~ ~~[(f)]~~ applies only to a person who, on August 31, 2003:

(1) was eligible to participate in the uniform program as an employee under Section 1601.101; or

(2) was eligible to participate in the uniform program as a retired employee under this section as this section existed on January 1, 2003.

SECTION 7. Subchapter C, Chapter 1601, Insurance Code, is amended by adding Section 1601.1065 to read as follows:

*Sec. 1601.1065. OPTIONAL BASIC COVERAGE PLAN FOR GRADUATE STUDENTS. The system may design and offer a separate optional basic coverage plan for employees who are graduate students. The system shall determine the participation eligibility, coverage, payments, contributions, and costs of a plan offered under this section.*

SECTION 8. Subchapter E, Chapter 1601, Insurance Code, is amended by adding Sections 1601.2042 and 1601.211 to read as follows:

*Sec. 1601.2042. COMPENSATION INSUFFICIENT TO COVER DEDUCTION. If a participant's monthly compensation from which the participant's contribution is deducted is insufficient to pay the participant's contribution for coverage, the system may adopt rules under which the system considers the coverage to have terminated after the last full month for which the contribution was paid in full, as determined by the system.*

*Sec. 1601.211. LIABILITY FOR BACK CONTRIBUTIONS FOR DROPPED COVERAGE. (a) This section applies to a participant in the uniform program for whom appropriate contributions were not made during the entire plan year because of nonpayment of premiums.*

*(b) As a condition of enrollment in the same coverage for a subsequent plan year, the participant must make a contribution equal to the contributions not made for the plan year for which appropriate contributions were not made during the entire plan year, unless the nonpayment of premiums was related to a qualified change in status, as determined by the system. The payment shall be made in the form and manner determined by the system.*

SECTION 9. The changes in law made by this Act apply only to group coverages provided under Chapter 1601, Insurance Code, beginning with the 2017–2018 plan year. A plan year before 2017–2018 is governed by the law as it existed immediately before the effective date of this section, and that law is continued in effect for that purpose.

SECTION 10. (a) Except as provided by Subsection (b) of this section, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

(b) Section 824.0071, Government Code, as added by this Act, takes effect January 1, 2018.

Passed by the House on May 4, 2017: Yeas 143, Nays 0, 2 present, not voting; the House concurred in Senate amendments to H.B. No. 4035 on May 26, 2017: Yeas

145, Nays 0, 2 present, not voting; passed by the Senate, with amendments, on May 24, 2017: Yeas 31, Nays 0.

Approved June 15, 2017.

Effective June 15, 2017, except Section 824.0071, Government Code, effective January 1, 2018.

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**SALE BY CERTAIN ALCOHOLIC BEVERAGE PERMIT  
HOLDERS OF ALCOHOLIC BEVERAGES AT AUCTION**

**CHAPTER 1107**

H.B. No. 4042

**AN ACT**

**relating to the sale by certain alcoholic beverage permit holders of alcoholic beverages at auction.**

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Chapter 53, Alcoholic Beverage Code, is amended to read as follows:

**CHAPTER 53. TEMPORARY [CHARITABLE] AUCTION PERMIT**

Sec. 53.001. **AUTHORIZED ACTIVITIES.** The holder of a temporary [charitable] auction permit may auction alcoholic beverages for consumption off premises to raise money to support *the stated purpose* [charitable works] of the permit holder.

Sec. 53.002. **FEE.** (a) The state fee for a temporary [charitable] auction permit is \$25.

(b) A local fee may not be charged for the application for or issuance of a temporary [charitable] auction permit.

(c) *The commission may not impose a surcharge for a temporary auction permit.*

Sec. 53.003. **DURATION OF PERMIT.** A temporary [charitable] auction permit may be issued for a period of not more than five days.

Sec. 53.004. **PERMIT.** The commission may issue a temporary [charitable] auction permit only to:

(1) an organization that is exempt from taxation under Section 501(a), Internal Revenue Code of 1986 (26 U.S.C. Section 501(a)) by being listed under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3)); or

(2) *a person or group of persons who are subject to recordkeeping requirements under Chapter 254, Election Code.*

Sec. 53.005. **AUCTION LOCATION.** (a) The holder of a temporary [charitable] auction permit may conduct an auction in any area where the sale of the type of alcoholic beverage to be auctioned is authorized by a local option election.

(b) The holder of a temporary [charitable] auction permit may conduct an auction at a premises of another permit or license holder if:

(1) the alcoholic beverages to be auctioned are kept separate from the alcoholic beverages sold, stored, or served at the premises; and

(2) the alcoholic beverages subject to the auction, whether sold or unsold, are removed from the premises immediately following the auction.

Sec. 53.006. **AUCTION NOTICE.** Before an auction is held, the holder of a temporary [charitable] auction permit shall provide to the branch office of the commission located closest to the auction site written notice of:

(1) the date, time, and place of the auction; and

(2) the inventory of the alcoholic beverages to be auctioned.